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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

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AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission

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SEP 21 2006

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IN THE MATTER OF THE JOINT
APPLICATION OF COMTEL TELCOM
ASSETS LP, VARTEC TELECOM, INC.
EXCEL TELECOMMUNICATIONS, INC.,
AND VARTEC SOLUTIONS, INC. FOR
APPROVAL OF A TRANSFER OF ASSETS.

DOCKET NO. T-20423A-05-0677
T-03401A-05-0677
T-02584A-05-0677
T-03188A-05-0677

STAFF NOTICE

By Procedural Order dated August 16, 2006, the Hearing Division ordered Comtel Telcom Assets LP ("Comtel") to file updated audited balance sheets by August 18, 2006. Comtel filed updated financial statements for the period ending May 31, 2006 with Docket Control on August 18, 2006. On August 23, 2006, it filed updated financial statements for the period ending June 30, 2006. At the hearing, Comtel was also asked to obtain the financial statement of Comtel's holding companies and submit them as a late-filed exhibit. Instead, the Company filed a letter to Staff Counsel that stated that the general and limited partners of Comtel (i.e., Comtel Assets Inc. and Comtel Assets Corp.) "are not engaged in business activities and as a result, do not produce financial statements." Letter at p. 1. It also stated in the letter that Sowood Commodity Partners Fund III LP ("Sowood"), majority shareholder of Comtel Assets Inc., and Comtel Assets Corp., is privately held, and its financial statements are likewise private. Comtel's attorney had several conversations with Staff counsel regarding this issue and was told to file a letter explaining its inability to obtain this information.

The Commission's August 16, 2006 procedural order also required Staff to file a Notice that the applicants in the above-referenced dockets have submitted financial information relating to Comtel Telcom Assets LP's ("Comtel") holding companies on or before August 25, 2006.¹ Staff

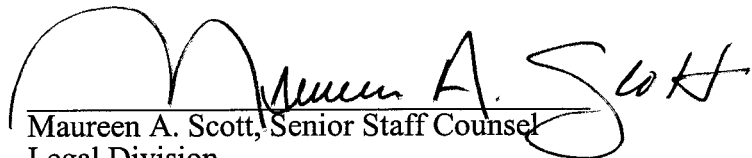
¹ Procedural Order at 2.

1 filed its Notice indicating that Comtel had not filed any financial information for its holding
2 companies.

3 Subsequently, Comtel sent a letter to the Commission dated September 6, 2006 reiterating its
4 unsuccessful efforts to obtain this information. In addition, there have been several phone calls
5 between the Applicant and Staff and most recently between the Applicant, Staff and the Hearing
6 Division regarding this matter.

7 Comtel has provided updated balance sheets to Staff for its own operations which Staff
8 believes are sufficient to affirm Comtel's financial wherewithal to provide service.

9 RESPECTFULLY SUBMITTED this 21st day of September, 2006.

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11 
12 Maureen A. Scott, Senior Staff Counsel

13 Legal Division
14 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

15 Original and thirteen (13) copies
16 of the foregoing were filed this
22nd day of September 2006 with:

17 Docket Control
18 Arizona Corporation Commission
1200 West Washington Street
19 Phoenix, Arizona 85007

20 Copy of the foregoing mailed this
22nd day of September 2006 to:

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Karen Christen